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Programme budget for the biennium 2016-2017

Human resources management

United Nations common system

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for the year 2016**

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

Summary

The present statement, submitted pursuant to rule 153 of the rules of procedure of the General Assembly, describes the administrative and financial implications arising from the decisions and recommendations of the International Civil Service Commission for the common system, in particular for the programme budget of the United Nations for the biennium 2016-2017 and the proposed programme budget for the biennium 2018-2019. In the interest of providing comprehensive information, the statement also describes the implications for the budgets of peacekeeping operations, commencing with those for the 2016/17 and 2017/18 peacekeeping financial periods.

* A/71/150.

** An advance version of the report of the International Civil Service Commission for 2016 (A/71/30) was used in the preparation of the present statement.

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Should the General Assembly approve the recommendations of the Commission, the resource requirements arising from those recommendations are estimated at $3,297,900 under the programme budget of the United Nations for the biennium 2016-2017 and would be addressed in the context of the first and second performance reports for that biennium, as appropriate. The financial implications for the proposed programme budget for the biennium 2018-2019 are estimated at $5,267,600 and would be taken into account in the context of that proposed programme budget. The resource requirements for peacekeeping operations for the financial periods 2016/17 and 2017/18 are estimated at $188,100 and $324,300, respectively, and would be taken into account, as necessary, in the context of the performance reports for the period from 1 July 2016 to 30 June 2017 and in the context of the proposed budgets for the financial period from 1 July 2017 to 30 June 2018.

I. Introduction

1. The annual report of the International Civil Service Commission for 2016 (A/71/30) contains decisions and recommendations giving rise to financial implications for the programme budget of the United Nations, starting with the biennium 2016-2017, and the budgets of peacekeeping operations, starting with the peacekeeping financial period 2016/17, related to the following issues:

(a) Conditions of service applicable to both Professional and higher categories of staff and to General Service and other locally recruited categories of staff: separation payments;

(b) Conditions of service of the Professional and higher categories: base/floor salary scale;

(c) Conditions of service of the General Service and other locally recruited categories: survey of best prevailing conditions of employment in Geneva, and adjustment of dependency allowances following the unfreezing of allowances.

II. Conditions of service applicable to both categories

Separation payments

2. In its resolution 65/248, the General Assembly decided to revert, at its seventy-first session, to the Commission's recommendation regarding the introduction of end-of-service severance pay in the organizations of the common system for fixed-term staff involuntarily separating from the organization upon the expiration of their contract after 10 or more years of continuous service.

3. The Commission decided to submit its earlier recommendation to the General Assembly and recommends to the Assembly that end-of-service severance pay be introduced for fixed-term staff separating from the organization upon the expiration of contract after 10 or more years of continuous service.

4. The annual financial implications of introducing end-of-service severance pay were estimated by the Commission at $1.64 million per annum system-wide, based on the most recent common system staff separation data. Based on the anticipated implementation date of 1 January 2017, the financial implications for the programme budget of the United Nations for the biennium 2016-2017 are estimated to represent an increase of $184,600 and for the biennium 2018-2019 are estimated to represent an increase of $369,200. The financial implications for peacekeeping operations are estimated to represent an increase of $67,400 for the financial period from 1 July 2016 to 30 June 2017 and of $134,800 for the financial period from 1 July 2017 to 30 June 2018.

III. Conditions of service of the Professional and higher categories

Base/floor salary scale

5. The concept of the base/floor salary scale was introduced, with effect from 1 July 1990, by the General Assembly in its resolution 44/198 (sect. I.H, para. 1).

The scale is set by reference to the General Schedule salary scale of the comparator civil service, currently the federal civil service of the United States of America. Periodic adjustments are made on the basis of a comparison of net base salaries of United Nations officials at the midpoint of the scale (P-4, step VI) with the corresponding salaries of their counterparts in the United States federal civil service (step VI in grades GS-13 and GS-14, with a weight of 33 per cent and 67 per cent, respectively). The adjustments are implemented by means of the standard method of consolidating post adjustment points into the base/floor salary, that is, by increasing base salary while commensurately reducing post adjustment.

6. In its resolution 70/244, the General Assembly approved a unified salary scale, with effect from 1 January 2017, which should be updated to reflect any adjustments in reference salaries of the comparator that might take place between the approval of the scale and its implementation. In section III, paragraphs 9 (a) and (b) of the resolution, the Assembly decided that the salary levels of staff members that were higher than those at the maximum step of their grade upon conversion to the unified salary scale should be maintained by the Commission as a pay protection measure and that those salaries should be adjusted for any changes in post adjustment, including consolidation of post adjustment to base salaries approved by the Assembly.

7. The Commission was informed that a 1 per cent increase had been implemented with effect from 1 January 2016 in the base General Schedule scale. In addition, minor changes with respect to tax schedules and the personal exemption amount had been introduced at the federal level for 2016. No tax-related changes had occurred for the State of Maryland and the State of Virginia. For the Federal District of Columbia, a decrease in the tax rate for taxable income between $40,000 and $60,000 was implemented, along with a slight increase in the personal exemption amount.

8. The Commission recommends to the General Assembly, for approval with effect from 1 January 2017, the revised unified base/floor salary scale for the Professional and higher categories as shown in annex V to the report of the Commission for the year 2016, reflecting a 1.02 per cent adjustment over the unified salary scale previously approved by the Assembly, to be implemented by increasing the base salary and commensurately decreasing post adjustment multiplier points, resulting in no change in net take-home pay. While generally cost-neutral in terms of net remuneration, the base scale adjustment procedure would have implications with respect to separation payments.

9. The financial implications associated with the Commission's recommendation of an increase of the base/floor salary scale were estimated by the Commission at approximately $438,000 per annum, system-wide. The financial implications for the programme budget of the United Nations for the biennium 2016-2017 are estimated to represent an increase of $46,800 and the implications for the biennium 2018-2019 are estimated to represent an increase of $93,600. The financial implications for peacekeeping operations are estimated to represent an increase of $17,000 for the financial period from 1 July 2016 to 30 June 2017 and of $34,000 for the financial period from 1 July 2017 to 30 June 2018.

IV. Conditions of service of the General Service and other locally recruited categories

Surveys of best prevailing conditions of employment in Geneva

10. On the basis of the methodology for surveys of best prevailing conditions of employment of the General Service and other locally recruited staff at headquarters and similar duty stations (survey methodology I), the Commission conducted a survey in Geneva, with a reference date of September 2015. In accordance with the methodology, the salary scale for the Language Teacher category was adjusted by applying the same percentage as that applied to the General Service category. The salary scales recommended by the Commission to the executive heads of the Geneva-based organizations are reproduced in annex IX to the report of the Commission for the year 2016.

11. The recommended salary for the General Service and Language Teacher categories is 1.8 per cent lower than the scales in effect. The recommended salary scales were implemented in May 2016 only with respect to staff recruited on or after 1 June 2016 by the Geneva-based organizations, while the salary scales would be frozen for existing staff in accordance with standard practice. Consequently, the actual savings are contingent on a number of new recruits that come on board on or after June 2016. Additionally, an interim adjustment to the salary scales of General Service and other locally recruited categories in Geneva, based on the consumer price index in accordance with the procedure in place, is due for the month of September 2016. Therefore, pending finalization of the possible interim adjustment, it is not possible at this stage to determine the financial implications for the biennium 2016-2017 resulting from the freeze of the salary scales for existing staff.

Adjustment of dependency allowances following the unfreezing of allowances

12. Following the General Assembly's decision to discontinue the freeze on the increases of allowances for the General Service and related categories as from 1 January 2016 (resolution 70/244, sect. III, para. 3), the Commission, at its eighty-second session, requested its secretariat to conduct an ad hoc one-time review of the levels of the dependency allowances in Madrid, London, New York and Geneva, which otherwise would not have been reviewed until the next round of surveys. The results of the Commission's review at its eighty-third session would be recommended to the organizations for implementation at the time of the next interim adjustment to the salary scales at the aforementioned duty stations.

13. The recommended levels of allowances are shown in annex X to the report of the Commission for the year 2016. The Commission estimated the maximum financial implications of its recommendations, at the United Nations rates of exchange for June 2016, as follows, system-wide:

Duty station	*Financial implications (United States dollars)*
Madrid	13 752
London	12 171
New York	1 576 090
Geneva	7 281 958

14. The revised levels of allowances would be recommended to the organizations with effect from the next interim adjustment to the salary scales, that is, October 2016 for Madrid, November 2016 for New York, and September 2016 for Geneva, and in the case of London with retroactive implementation from May 2016, the date of the first interim adjustment after the date of the lifting of the freeze by the General Assembly for the General Service and related categories.

15. Taking into account the above interim adjustment dates, the financial implications associated with the Commission's recommendation on the revised levels of dependency allowances are estimated to represent an increase of approximately $3,066,500 for the programme budget of the United Nations for the biennium 2016-2017 and of $4,804,800 for the biennium 2018-2019. The financial implications for peacekeeping operations are estimated to represent an increase of $103,700 for the financial period from 1 July 2016 to 30 June 2017 and of $155,500 for the financial period from 1 July 2017 to 30 June 2018.

V. Conclusions and recommendations

16. The financial implications arising from the decisions and recommendations of the International Civil Service Commission are summarized as follows:

(a) The financial implications for the programme budget of the United Nations for the biennium 2016-2017 and for the proposed programme budget for the biennium 2018-2019 are estimated at $3,297,900 and $5,267,600, respectively;

(b) The financial implications for the budgets of peacekeeping operations for the financial periods 2016/17 and 2017/18 are estimated at $188,100 and $324,300, respectively.

17. Should the General Assembly approve the recommendations of the Commission:

(a) Requirements for the biennium 2016-2017 for the United Nations will be addressed in the context of the first and second performance reports for the biennium 2016-2017, as appropriate, and requirements for the biennium 2018-2019 will be taken into account in the context of the proposed programme budget for the biennium 2018-2019;

(b) Requirements for the budgets for peacekeeping operations will be addressed, as necessary, in the related performance reports for the financial period from 1 July 2016 to 30 June 2017 and will be taken into account in the context of the proposed budgets for the financial period from 1 July 2017 to 30 June 2018.